

Message Text

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ACTION ARA-10

INFO OCT-01 SS-14 ISO-00 FEA-01 CIAE-00 INR-11 NSAE-00

RSC-01 INRE-00 NSC-07 NSCE-00 SSO-00 EB-03 CIEP-01

PRS-01 L-02 COME-00 DODE-00 SAM-01 SP-02 STR-01 FRB-01

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 5487

C O N F I D E N T I A L CARACAS 8164

LIMDIS

E.O. 11652: GDS

TAGS: ENRG VE

SUBJ: FEA STUDY IN VENEZUELA

1. AS DEPARTMENT IS AWARE, I CALLED THIS AFTERNOON BY PREVIOUS APPOINTMENT TO PRESENT ECONOMIC COUNSELOR MILLS AND OUR NEW PETROLEUM ATTACHE GRAHAM. HOWEVER, WELCOMED BY A PRESS CORPS OF SOME 50 JOURNALISTS AND PHOTOGRAPHERS IT WAS SOON APPARENT THAT MOST VENEZUELAN'S DID NOT BELIEVE THIS WAS THE PURPOSE OF MY VISIT. NOR DID I.

2. AFTER THE USUAL "EXCHANGE OF AMENITIES" I WENT ASIDE WITH THE MINISTER TO HIS PRIVATE CUBBYHOLE AND WE TALKED ABOUT THE BEST MEANS OF HANDLING L'AFFAIRE KRUEGER.

3. THE MINISTER WAS FAIRLY WELL AWARE OF DETAILS BUT HAD NOT RPT NOT BECOME FULLY CONVINCED THAT THE EMBASSY HAD NOT PREVIOUSLY CONVEYED TO THE OIL COMPANIES KRUEGER'S QUESTIONNAIRE: NOR DID HE HAVE ANY IDEA OF WHAT WAS IN THE QUESTIONNAIRE. I EXPLAINED

THAT IT WAS A NON-CONFIDENTIAL DOCUMENT WHICH RELATED ALMOST SOLELY TO THE ACTIVITIES OF THE UNITED STATES--RPT UNITED STATES--OIL COMPANIES
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AROUND THE WORLD AND THAT ITS SCOPE WAS NOT CONFINED SOLELY TO VENEZUELA. I THEN WENT OVER MUCH TRODDEN GROUND POINTING OUT THAT MY RELUCTANCE TO LET MR KRUEGER HAVE INTERVIEWS WITH MINISTERS RESULTED IN A REVERSAL OF MY PREVIOUS OFFER TO HELP HIM GET SUCH INTERVIEW SIMPLY BECAUSE OF THE BENNET TESTIMONY BEFORE THE SENATE WHICH HAD CAUSED, AS HE KNEW, SUCH AN UPROAR IN CARACAS

4. I ADDED FOR HIS VERY SECRET EAR THAT THE BENNETT TESTIMONY AND KRUEGER'S APPEARANCE ON THE SCENE HERE HAD COINCIDED WITH SECRET EXCHANGE OF AIDES MEMOIRES FROM U.S. DATED JULY 7 AND FROM VENEZUELA DATED JULY 15 WHICH HAD, AS HE KNEW, EVOKED CONSIDERABLE HEARTBURN IN THE VENEZUELAN GOVERNMENT . I THEREFORE HAD CONCLUDED THAT KRUEGER'S DESIRE FOR INTERVIEWS AT THAT PARTICULAR JUNCTURE COULD

ONLY HAVE BEEN MISCONSTRUED BY THE VENEZUELAN GOVERNMENT AS A RATHER CRUDE MEANS OF APPLYING ADDITIONAL PRESSURE AT A TIME WHEN OUR NEW UNDER SECRETARY OF TREASURY WAS SAYING UNPLEASANT THINGS IN WASHINGTON AND I, UNDER INSTRUCTIONS, WAS SAYING WHAT MIGHT BE REGARDED AS UNPLEASANT IN CARACAS.

5. THE MINISTER AGREED WITH THIS ANALYSIS AND FURTHER AGREED WITH REGARD TO KRUEGER'S MISSION, THAT THE UNITED STATES GOVERNMENT AND THIS EMBASSY RESPECTED THE DESIRE OF THE VENEZUELAN GOVERNMENT TO UNDERTAKE CONVERSATIONS WITH U.S. OIL COMPANIES ALONE AND WITHOUT U.S. GOVERNMENT INTERVENTION. THIS WAS AN ADDITIONAL AND VERY IMPORTANT FACTOR IN MY DECISION TO RECOMMEND THAT MR. KRUEGER

GO HOME. I ADDED THAT AFTER FULL CONSIDERATION OF THE FACTS KRUEGER HIMSELF READILY AGREED TO LEAVE CARACAS AND THAT HIS DECISION WAS SUPPORTED BY FEA AND THE DEPARTMENT OF STATE.

6. MINISTER VALENTIN HERNANDEZ AND I THEN CONSIDERED WHAT HE SHOULD SAY TO THE SUB-COMMITTEE ON FOREIGN AFFAIRS OF THE VENEZUELAN CONGRESS RESPONSIVE TO A RESOLUTION OF THE DELEGATE COMMITTEE (WHICH I POINTEDLY OBSERVED WAS A RESOLUTION SPONSORED BY THE ADECO PARTY) REFERRING TO THE KRUEGER DIPLOMATIC PETROLEUM INCIDENT.

7. TAKING CAREFUL NOTES, THE MINISTER WROTE DOWN AT MY DICTATION WHAT HE OUGHT TO SAY. THIS INCLUDES ALL THE POINTS CITED ABOVE
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WITH THE EXCEPTION THAT I ADVISED HIM STRONGLY NOT RPT NOT TO MENTION THE SECRET EXCHANGE OF AIDES MEMOIRES: AND THAT I THOUGHT HE SHOULD ADD AS A PREAMBLE THE FACT THAT THIS NEWS STORY EMANATING FROM WASHINGTON WAS STRICLY "MADE IN THE UNITED STATES." THE NEWS LEAK HAD TRAVELED FROM WASHINGTON TO HONOLULU AND EVENTUALLY TO CARACAS, HAD NO REGARD TO U.S.-VENEZUELAN RELATIONSHIPS BUT UNFORTUNATELY IT HAD BEEN BLOWN OUT OF CONTEXT BY PRESS AND POLITICIANS HERE.

8. VALENTIN HERNANDEZ SAID HE WOULD REPLY TO PRESS INQUIRIES THAT HE WOULD MAKE NO STATEMENT WITHOUT FIRST REFERRING TO PRESIDENT CARLOS

ANDRES PEREZ. WE AGREED THAT I WOULD REAFFIRM MY PREVIOUS OFFICIAL EMBASSY STATEMENT THAT WE HAD NO RPT NO OBJECTION TO KRUEGER COMING BACK ON HIS STUDY ERRAND AND THAT THIS EMBASSY HAD NO INTEREST IN PREVENTING CONTACT BETWEEN U.S. OFFICIALS AND MEMBERS OF THE VENEZUELAN GOVERNMENT. MY MINISTER THEN GENTLY LED ME OUT TO WHAT IN THE EVENT WERE GENTLE WOLVES.

9. FOR MY PRESS INTERVIEW SEE NEXT FOLLOWING TELEGRAM.
MCCLINTOCK

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